

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 8735-B
B & H GAS COMPANY)

O R D E R

On May 31, 1983, the Commission issued its Order in Case No. 8735 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On January 3, 1985, B & H Gas Company ("B & H") notified the Commission that its wholesale cost of gas had been increased by its supplier, Bradley and Son Oil and Gas ("Bradley"), on November 26, 1984, and submitted with its notice certain information in compliance with its purchased gas adjustment ("PGA") clause on file with this Commission. On February 4, 1985, B & H revised its filing to include the rates of an additional permanent supplier, Kepco, Inc., ("Kepco").

B & H's primary supplier, Bradley, has been unable to meet all of B & H's gas requirements during the winter heating season. Thus, B & H has been forced to request emergency purchases from its only available source, Kentucky-West Virginia Gas Company ("Ky-West"), the last

three winter periods and enact surcharges to recover the cost of this more expensive gas. By Order issued August 13, 1982, in Case No. 8475, the Commission directed B & H to take appropriate steps to prevent circumstances necessitating emergency gas purchases in the future. B & H has secured an arrangement whereby it will purchase gas at a rate of \$3.92 per Dth from Ky-West's affiliate, Kepco, and Ky-West will transport the gas under its Schedule ITS rate.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) B & H's wholesale cost of gas from Bradley has been increased from \$1.00 to \$2.00 per Mcf.

(2) B & H has secured an agreement to purchase gas on a permanent basis from Kepco and have Ky-West deliver the gas at a total rate of \$4.282 per Dth. The Commission has some reservations concerning this agreement but, faced with the consequences of lack of supply to customers or severe financial distress to B & H, will allow the increased costs to be passed through subject to refund.

(3) B & H requested an effective date of December 1, 1984, in its original filing. B & H's notice did not provide the 20-day notice as required by statute; therefore, the adjusted rates should be effective with gas supplied on and after January 23, 1985.

APPENDIX

Appendix to an Order of the Public Service
Commission in Case No. 8735-B Dated
February 28, 1985

The following rates and charges are prescribed for the customers served by B & H Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES:

First 2 Mcf	\$8.7923 (Minimum Bill)
Next 8 Mcf	4.1741 per Mcf
Next 20 Mcf	3.8523 per Mcf
Over 30 Mcf	3.6591 per Mcf

The base rates for the future application of the purchased gas adjustment clause of B & H Gas Company shall be:

Bradley and Son Oil and Gas	\$2.00 per Mcf
RepcO, Inc.	\$4.282 per Dth*

*Includes Ky-West Va. transportation charge of 36.2¢ per Dth

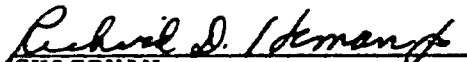
(4) B & H's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8735 dated May 31, 1983, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after January 23, 1985, subject to refund.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after January 23, 1985, subject to refund.

IT IS FURTHER ORDERED that within 30 days of the date of this Order B & H shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 28th day of February, 1985.

PUBLIC SERVICE COMMISSION


CHAIRMAN


VICE CHAIRMAN


COMMISSIONER

ATTEST:

Secretary

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8768 M	AUXIER ROAD GAS COMPANY, INC.	3/01/85
9070	ATLANTIC GAS TRANSMISSION	3/13/85
9255	AMERICAN PAGING, INC. OF KENTUCKY	3/13/85
8838	ACCESS CHARGES	3/21/85

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9156	BIG SANDY WATER DISTRICT	3/01/85
9163	BIG RIVERS ELECTRIC	3/01/85
9156	BIG SANDY WATER DISTRICT	3/08/85
9163	BIG RIVERS ELECTRIC CORP.	3/11/85
8981	B & H GAS COMPANY	3/22/85

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8985	CRITTENDEN-LIVINGSTON COUNTY WATER D.	3/01/85
9003 B	COLUMBIA GAS OF KENTUCKY, INC.	3/01/85
9036	CANNONSBURG W.D. VS DICKINSON ET.AL.	3/01/85
9142	CANNONSBURG W.D. VS DICKINSON ET.AL.	3/01/85
9246	CALLIHAN VS GRAYSON RECC	3/01/85
9289	CINCINNATI SMSA LIMITED	3/01/85
9230	CONTINENTAL TELEPHONE COMPANY OF KY	3/04/85
9256	CALLIHAN VS GENERAL TELEPHONE OF KY	3/06/85
278	CACS PLAN	3/07/85
9003 C	COLUMBIA GAS OF KENTUCKY, INC.	3/13/85
9224	COLUMBIA GAS OF KENTUCKY, INC.	3/15/85
9087	CANEY CREEK WATER DISTRICT	3/19/85
9246	CALLIHAN VS GRAYSON RECC	3/20/85
9130	COGAN CO. D/R/A MAPLE GROVE SECTION 5	3/22/85
291	CINCINNATI BELL TELEPHONE COMPANY	3/27/85
9223	CINCINNATI BELL TELEPHONE COMPANY	3/27/85
9305	CINCINNATI BELL TELEPHONE COMPANY	3/27/85
9104	CEDAR CREEK SEWER CO., INC.	3/28/85
9298	COX & LEWIS VS SCB	3/29/85

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269	DETARIFFING OF CUSTOMER PREMISES EQUIP.	3/11/85
9059	DELTA NATURAL GAS COMPANY, INC.	3/14/85
9059	DELTA NATUAL GAS COMPANY, INC.	3/21/85

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8929 F	ELAM UTILITY COMPANY	3/01/85
8546 R	ELZIE NEELEY GAS COMPANY, INC.	3/05/85
8114 J	EAST KENTUCKY UTILITIES	3/13/85
9101	ENVIRO UTILITIES, INC.	3/13/85
9109	EAST KENTUCKY UTILITIES, INC.	3/13/85
9159	EAST KENTUCKY UTILITIES, INC.	3/13/85
9236	EAST KENTUCKY UTILITIES, INC.	3/13/85
285	ECONOMIC FEASIBILITY OF LOCAL TEL. RATES	3/26/85

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9257	FRESH FOODS, INC. VS GENERAL TELEPHONE	3/06/85
9137	FERN CREEK SEWER COMPANY, INC.	3/12/85
9296	FARM GATE HOME OWNERS ASSC., INC.	3/14/85
9102	FERN HILL UTILITIES, INC.	3/20/85
9129	FRIENDLY UTILITIES, INC.	3/22/85

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9165	GREEN RIVER ELECTRIC CORPORATION	3/01/85
9287	GENERAL TELEPHONE COMPANY	3/01/85
9279	GENERAL TELEPHONE COMPANY OF KENTUCKY	3/04/85
9270	GOODLETTS VS SALT RIVER RECC	3/13/85
8998	GENERAL TEL. OF KY & AT&T COMMUNICATIONS	3/14/85
9215	GREEN RIVER ELECTRIC CORPORATION	3/15/85

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9204	HALL VS SHELBY RECC	3/06/85
9204	HALL VS SHELBY RECC	3/21/85

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9275	INTER-COUNTY RECC	3/22/85
273	INTRALATA INTRASTATE COMPETITION	3/25/85

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CASE-NBR.
9054
9277

UTILITY NAME
JACKSON COUNTY WATER ASSC.
JESSAMINE COUNTY WATER DISTRICT NO. 1

ORDER DATE
3/07/85
3/27/85

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9024	KY CABLE TELEVISION VS CINCI. BELL	3/01/85
9266	KENTUCKY UTILITIES COMPANY	3/01/85
9292	KENTUCKY POWER COMPANY	3/07/85
9288	KENTUCKY UTILITIES COMPANY	3/08/85
9144	KEN IMPROVEMENT INC.	3/11/85
9093	KENTUCKY-AMERICAN WATER COMPANY	3/12/85
9144	KEN IMPROVEMENTS, INC.	3/14/85

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9002	LESLIE COUNTY TELEPHONE COMPANY	3/04/85
9120	LYON COUNTY WATER DISTRICT	3/07/85
8869	LAKE VILLAGE WATER ASSC. INC.	3/11/85
9226	LAKE OF THE WOODS SANITATION	3/11/85
9243	LOUISVILLE GAS AND ELECTRIC COMPANY	3/11/85
9002	LESLIE COUNTY TELEPHONE COMPANY	3/12/85
8924 E	LOUISVILLE GAS AND ELECTRIC COMPANY	3/15/85
9290	LAKE VILLAGE WATER ASSC., INC.	3/20/85
9002	LESLIE COUNTY TELEPHONE COMPANY, INC.	3/26/85
9120	LYON COUNTY WATER DISTRICT	3/29/85
9243	LOUISVILLE GAS AND ELECTRIC	3/29/85
9290	LAKE VILLAGE WATER ASSC., INC.	3/29/85

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7800 GG	MT. OLIVET NATURAL GAS COMPANY	3/01/85
8730 L	MARTIN GAS, INC.	3/01/85
9262	MUHLENBERG COUNTY WATER DISTRICT	3/06/85
9291	MARTIN GAS, INC.	3/12/85
9291	MARTIN GAS, INC	3/18/85
9242	MULTI-PAGE, INC.	3/25/85
9291	MARTIN GAS, INC.	3/26/85
8974	MCKINNEY WATER DISTRICT & ASSC.	3/29/85

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8568 R	PENDLETON COUNTY WATER & GAS DIVISION	3/01/85
8562 R	PHELPS GAS COMPANY, INC.	3/07/85
9199	PULASKI COUNTY WATER DISTRICT NO. 2	3/08/85
9249	PILOT OAK WATER SUPPLY	3/12/85
9199	PULASKI COUNTY WATER DISTRICT NO. 2	3/21/85
9136	PRAIRIE FACILITIES INC.	3/22/85
9268	PECKS WATER LINE TO MCKINNEY WATER D.	3/25/85
8814	PSC VS SUBURBAN SEWAGE TREATMENT, INC.	3/27/85
8568	PENDLETON COUNTY WATER DISTRICT, GAS	3/28/85
9199	PULASKI COUNTY WATER DISTRICT NO. 2	3/28/85

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CASE-NBR.
9264

UTILITY NAME
ROCKDALE DEVELOPMENT COMPANY, INC.

ORDER DATE
3/29/85

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9272	SOUTH CENTRAL BELL TELEPHONE COMPANY	3/01/85
9282	SOUTH CNETRAL BELL OF KENTUCKY	3/01/85
9272	SOUTH CENTRAL BELL TELEPHONE	3/06/85
9252	SANITATION DISTRICT NO. 2	3/19/85
9127	SARGENT & STURGEON BUILDERS, INC.	3/25/85
9128	SARGENT & STURGEON BUILDERS, INC.	3/25/85
9220	SOUTH CNETRAL BELL	3/27/85

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285	TELEPHONE RATES IN KENTUCKY	3/01/85
8943	TODD COUNTY WATER DISTRICT	3/06/85

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9276	UNION LIGHT, HEAT & POWER COMPANY	3/11/85
9029 B	UNION LIGHT, HEAT & POWER COMPANY	3/12/85

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CASE-NBR.
6902 U

UTILITY NAME
VALLEY GAS, INC.

ORDER DATE
3/20/85

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8678 P	WESTERN LEWIS-RECTORVILLE WATER & GAS	3/01/85
9278	WESTERN KY GAS VS ORBIT GAS	3/01/85
9145	WESTERN ROCKCASTLE WATER ASSC.	3/04/85
8839 M	WESTERN KENTUCKY GAS COMPANY	3/15/85
9145	WESTERN ROCKCASTLE WATER ASSC. INC.	3/22/85
9138	WINDSOR FACILITIES INC.	3/26/85

TOTAL ORDERS ENTERED THIS PERIOD:

112